

STAGE TWO REPORT ON THE HIGHER EDUCATION PROJECT IN MACEDONIA: PARTICIPATION RECOMMENDATIONS

Prepared by

**James A. Van Fleet
Sidney A. Chernenkoff**

Submitted to

**USAID/Macedonia
Skopje, Macedonia**

Submitted by

**AGUIRRE INTERNATIONAL
1156 15th STREET, NW SUITE 1000
WASHINGTON, DC 20005**

This project assessment was conducted by Aguirre International under GEM Task Order #5 with USAID/Macedonia, Contract Number FAO-1-99-00-00010-00, dated March 2, 2000. The findings, conclusions, and recommendations are those of its authors and do not necessarily reflect the views and/or policies of USAID/Macedonia.

November, 2000

Table of Contents

<u>EXECUTIVE SUMMARY</u>	1
<u>THE OCTOBER 2000 MISSION IN MACEDONIA</u>	2
<u>I. STATUS OF HIGHER EDUCATION INITIATIVES IN MACEDONIA</u>	4
<u>01. SEE University Project</u>	4
<u>02. Law On Higher Education</u>	7
<u>03. Education Strategy</u>	9
<u>II. SUMMARY COMMENTS ON THE DOCUMENTATION</u>	13
<u>III. RECOMMENDED USAID ACTION SUPPORTING OSCE HIGHER EDUCATION</u>	13
<u>01. PIO Grant to OSCE</u>	14
<u>02. Grant to New Foundation in Switzerland</u>	14
<u>03. Technical Assistance and Training</u>	15
<u>IV. STEPS TO COMPLETE THE PROCESS</u>	16

List of Appendices

APPENDIX I:	Questions (And Responses) Regarding See University Project Business Plan
APPENDIX II:	Law on Higher Education
APPENDIX III:	Draft Strategy Document
APPENDIX IV:	Implementation Document
APPENDIX V:	Individuals and their Affiliations Visited and Interviewed for Report

EXECUTIVE SUMMARY

From 4 October to 18 October 2000, two consultants were in Macedonia for second stage discussions on a proposed activity tentatively called "Macedonia: Assistance to Higher, Minority and Bilingual Education." It follows on an earlier consultation from 24 April to 24 May 2000 that included (among others) these two consultants, and the later development of three critical documents related to the proposed project all described in the May report. These are:

- (1) a new national law on higher education, enacted by the Macedonian legislature;
- (2) an education strategy developed by a World Bank team for the Ministry of Education, encompassing all sectors of education; and
- (3) a Business Plan for a new university utilizing Albanian and other European languages, to be built in the City of Tetovo.

This report analyses principal elements in each of the three documents, juxtaposing their implications against the committed financial support of USAID/Macedonia for the creation of a tertiary educational institution that will address Albanian ethnic minority concerns about the accessibility of their youth to higher education.

The findings of this report and the diverse interviews, conversations, et al, with donors and stakeholders, point to problems with the proposed new university activity that potentially could be problematical from a United States point of view. However, it is believed that the commitment must and should be honored, and that within the broad scope of the proposed activity, there are many elements that can be strongly supported by USAID that have the potential to minimize any possible "damage" to USAID as a donor; maximize the positive outcome for Macedonian higher education through a student loan program and extensive technical assistance to this sector; and at the same time simplify direct USAID/Macedonia Mission management and other involvement in the entire process, with the most favorable public affairs dimension to the activity that is feasible.

These recommendations include close cooperation and collaboration with the Organization for Security and Cooperation in Europe (OSCE), as well as other donors. They also include a related program equal to an additional \$2.1 million in technical assistance over a three year period, for a total American commitment of \$7.1 million, that might in some part be a stage of the present proposed activity, or a special form of add-on to it.

Lastly, the report identifies and recommends the next steps that the USAID/Macedonia Mission might take to implement in timely fashion the proposed new university project, from the initial establishment of legal entities through to the opening for students.

THE OCTOBER 2000 MISSION IN MACEDONIA

From 4 October to 18 October 2000, Sidney A. Chernenkoff and James A. Van Fleet were in Skopje, Macedonia, to follow up on an earlier visit in May 2000 on the developments and progress of a proposed activity entitled "Macedonia: Assistance to Higher, Minority and Bilingual Education."

By the time of arrival, it was incumbent upon the two person team to review new documentation that had been developed since their previous visit, including a new national law on higher education; a draft strategy on the country's education sector in general; and a specific document relating to the implementation of an OSCE proposed new university in the City of Tetovo, delivering higher education opportunities to ethnic minorities (among others).

These three documents were analyzed, and commentaries on same are provided in the first section of this report. The principal concern of this analysis is: How do these documents relate to the proposed activity, that USAID is committed to support? What areas are there for potential conflict? How can the proposed activity be further refined to ensure compatibility with other documents, projects, et al? And lastly, how can USAID's involvement maximize an overall positive impact on the country (and in diminishing ethnic tensions) while minimizing any potentially adverse reaction to or negative commentary about American involvement in the much discussed higher education sector in Macedonia?

In addition to a review of documents, visits with many of the individuals and organizations from the May mission were repeated. In addition to two large and important meetings with potential donors and Mr. Max van der Stoel, High Commissioner for National Minorities for the OSCE which were formal affairs, there were ample opportunities to speak with principal donors. These included major representatives from Sweden, the Netherlands, OSCE, Search for Common Ground, Canada, the World Bank, and the Open Society Institute (Soros Foundations).

Additionally, the United States Peace Corps office in Skopje was visited, in the circumstance that Volunteers might assist through a specific and new project with English language and professional studies in all fields of instruction, as the organization has at many universities worldwide.

Certain others were not contacted, notably the German and Swiss missions, essentially on the advice of others who anticipated no financial input in the proposed project. In both cases as the team learned near the end of its stay, these countries might in fact contribute after all. But it is acknowledged, however, that this donor picture may change dramatically between now and the hoped for opening of the new university in fall 2001.

Extensive time was spent with the principal author of the Business Plan, Mr. Andreas Kleiser, as well as with High Commissioner Max van der Stoel. Persons in the political arena were limited to the Mayor of Tetovo. Previous visits had included the head of the coalition government Albanian party, and the ministers of justice and education. These individuals, save the mayor, have played their roles in the new law on higher education, and thus were not perceived as important at this juncture in questions of the proposed project's implementation.

Naturally, the team debriefed the USAID/Macedonia Mission, the Deputy Chief of Mission, Ambassador Michael Einik and various others in the American Mission to relay findings, compare notes and to outline a course of action that was believed to be in the best interests of the United States Government and the success of the project in question.

Appendix V contains the names of individuals interviewed during the visit. It follows the questions raised (along with responses mainly from Mr. Kleiser) with OSCE on the Business Plan, and then all three major documents are attached as Appendices II through IV.

I. STATUS OF HIGHER EDUCATION INITIATIVES IN MACEDONIA

Between May and October 2000, activity in the higher education arena in Macedonia has moved ahead at a heady pace. A new Law on Higher Education was drafted in May, and enacted by mid-fall in a fuller format than envisaged in the late spring. In the fall, the World Bank finished an Education Sector Strategy for the Ministry of Education, addressing needs at all levels from pre-school through post-graduate studies. The work of the Organisation for Security and Cooperation in Europe (OSCE) High Commissioner for National Minorities, Mr. Max van der Stoel, looking at accessibility to university education for Macedonian minorities (most particularly Albanian ethnics) has proceeded from the short memo format in April 2000 to a full-blown Business Plan to create a new university.

The stage is now set to move ahead with the implementation of a program to establish a more broadly based higher education sector than Macedonia has ever known, but many issues still remain. Not the least of these are matters raised in those documents themselves.

01. SEE University Project

Mr. Andreas Kleiser headed a World Bank-sponsored and Dutch paid team to develop a so-called Business Plan to initiate implementation of the (temporarily called) Southeast European University (SEE University). This draft plan encompasses many elements of a justification for funding a project, and arrives at conclusions for the selection of degree programs and languages of instruction that were essentially already selected for political purposes. Although the plan in its initial form lacks many desirable details and does not address a few issues considered fundamental by some potential donors attending meetings on same, it is not necessarily a flawed document. More than adequate information is provided on very basic matters that are central to the feasibility and certainly of success for the project.

The Business Plan executive summary identifies five disciplinary fields of study, comprising five faculties. This is the number identified in the new law on higher education as necessary to constitute a university, thus implying that the original High Commissioner van der Stoel proposal for an "institution of higher learning" will be -- legally speaking -- something more than that; that is, a fully blown university. The five fields are classified as socio-economic in nature, as opposed to natural sciences or professional studies (such as engineering, medicine and the like). Ostensibly this is for cost reasons, but quite aside from that correct assertion they are areas of emphasis agreed to by political forces at play in this project.

Although the new university would offer instruction in the Macedonian and Albanian languages, its focus would be largely toward Europe, emphasizing about a third of all teaching in English and the remainder in "European" languages. This is presumed to mean that in addition to the two principal native tongues of the country, although not very specifically identified would be German, French and Russian (languages named in general terms). Consequently, the "special concern" expressed for the Albanian language and culture at the beginning of the SEE University Project document is not overly apparent throughout, and in time may well be lost to a heavier (and inevitable) emphasis on English. As something of an aside, this may not sit well with Albanians who are expecting more emphasis on their

tongue, but even ethnic Albanian commentators are very sympathetic to the English language dimension of the program.

The matter of university admission to the proposed university is not mentioned in any detail. The Basic Education and Policy Support (BEPS) Activity Contract No. HNE-I-00-00-00038-00 Task Order No. 03 report of May 2000 thoroughly reviewed university admissions issues in Macedonia's only large university, Sts. Cyril and Methodius University. Its conclusions were entirely supported by the World Bank Educational Strategy document, commenting that discrimination against minorities in university enrollments was not in evidence. In fact, the relatively low absolute numbers of Albanians, for example, could easily be explained by the tendency to not view higher education as a particular goal.

Acknowledging that this is indeed the case, the mayor of Tetovo -- and a professor of chemistry at Tetovo University -- stated that many Albanians did not view higher education as a goal to strive for, and averred he anticipated that SEE University would have "only about 1,000 to 1,500 students seeking admission" yearly (without comment on what part of that number would pass entrance exams, or gross versus net).

If any other factor were to be identified as contributing to the situation of low ethnic Albanian participation in higher education, it logically would be the taking of entrance exams in the Macedonian language. However, even if entry exams were to be developed in Albanian, there is no guarantee that passing grades appropriate for university entry -- let alone comparable to levels at Sts. Cyril and Methodius -- would ensure dramatic increases in the numbers of ethnic Albanians attending a university in Macedonia. Moreover, the emphasis on English language instruction implies that there will likely be some proficiency level in that language required for admission. In that case, there is a possibility that just as Macedonian was a stumbling block for Albanians in gaining university admission, this language problem will simply be replaced by one in English.

Mr. Kleiser has conceded that language skills appropriate for the university classroom may be problematical, in addition to entrance requirements in general, and these issues are to be addressed in more detail. Similarly, many European donors question English language skills among potential faculty.

Although quality standards are mentioned in the report and identify same with instructional staff, the faculty development activities built into the plan may not be sufficient to ensure good teaching by up-to-date docents. Insofar as a well-qualified ethnic Albanian professorate is concerned, various donors who are knowledgeable of the regional academic scene have stated that such persons will be hard to find. Clearly, they are not in evidence in any substantial numbers.

Moreover, many Albanian academics in particular are described as having questionable academic preparation, coming from Pristina and even some from Tirana universities, which have had their own problems with quality control. Additionally, there is a widespread criticism of all faculty, including Macedonian ethnics, for delivering outdated subject matter and doing so with exceedingly poor teaching skills and standards.

Consequently, the quality issues in both the student body and in the professorial corps pose major problems for the success of the SEE University that are not addressed satisfactorily if at all in the Business Plan. Readers should be reminded it is students and faculty who make a university, not bricks and mortar.

It should be reiterated that the subject matter specializations envisaged in the Business Plan encompass more than originally cited in the April 2000 High Commissioner van der Stoel memorandum. Law and computer sciences were added as faculties as well as subject matter to the initial three: pedagogy, public administration, and business administration. While computer technology is most welcomed, particularly if the approach recommended in the BEPS activity is actively pursued, the issues of electronic learning, distance education and continuing education that are largely not addressed in the Business Plan might be highlighted as the document is refined toward a final version.

This is not the case in the World Bank Educational Strategy document. Indeed, there is an active component advocated in the Strategy that would see such technology used to address educational deficiencies throughout the country, particularly for the long neglected adult population. Not only does this report endorse the Strategy's stand, it also reiterates its position in the May BEPS document and emphasizes that the development of a thoroughly integrated electronic technically oriented educational package would likely be the greatest contribution the SEE University project could make to Macedonian education in the broadest definition of the term, to all ethnic groups, gender and age categories.

In addition, this aim would not be inconsistent with the political dimensions of the project, and the utilization or (purposeful) incorporation of the Albanian language into curricular areas in Macedonian higher education.

To illustrate this point, donors and virtually all others who have discussed the state of education in the country have emphasized the dearth of good teaching practices among other deficiencies in the professorate. How better to have the proposed Faculty of Pedagogy function than to "electronically" encompass the corps of elementary and secondary school teachers throughout the country in its "classroom?"

Similarly, USAID programming in the democracy arena, from work with municipal authorities through elections and related civic training, could (and should) be tied in with the academic activities envisaged in the public administration program at SEE University. Through distance learning continuing education for democracy (and local government competence) can be a reality.

As something of an aside, these public institution related distance learning activities could involve contract work with the national government, meaning income for the SEE University as well as positive reinforcement for its role and mission in the Macedonian state.

The SEE University Business Plan is seen to have some shortcomings, making it in its present form an adequate but less than flawless blueprint to follow in implementing every stage in the development of a new academic institution, particularly one expected to address the delicate topic of ethnic issues in

Macedonia. Following a review of the Business Plan and responding to the invitation to develop questions about it, those submitted in Appendix I of this report offer the best critique of the plan as of mid-October 2000. Following the team meeting with Mr. Kleiser and the second donors' meeting, a later version of the Business Plan will contain additional information making it a strong foundation on which to implement the proposed project.

USAID's institutional concerns are few at this juncture, and commitment to funding the SEE University scheme can and likely will follow upon the completion of several preliminary legal steps which are being launched as this report is being read.

02. Law On Higher Education

A draft of the proposed law in May 2000 that was perhaps twenty-five pages in length has expanded to an English language version in July of 102 pages to accommodate its 200 articles. In the interim, many items of fine detail were added to the now enacted legislation, dealing with such issues as the confirmation of the present public university system format, to the exacting placement of the national crest on university coats of arms.

Naturally, the most critical elements of the new national law included five issues: the status of the unnamed Tetovo University and the merit of coursework of students as well as acceptability of degrees being issued; the status of teaching in languages other than Macedonian, prohibited in the old law; the provisions for recognition of universities in the country; the establishment procedures for private universities; and accreditation procedures.

The procedures for state recognition and accreditation of private universities are set forth in several articles. These provisions allow for "civic initiatives" -- a reference to the language describing Tetovo University -- to be "regularized," recognized and accredited. Resultantly, Tetovo University can seek this legalized status under the new law as a private institution, if its academic leadership and the political parties involved are amenable.

This arrangement come as no surprise, since the High Commissioner van der Stoel proposal never envisioned precluding Tetovo University from obtaining legal recognition. More importantly, these articles allow for the creation of other private universities, such as the proposed SEE University and other (principally) foreign sponsored institutions of higher learning.

Unique, however, is the situation of Tetovo University which has been granting degrees, a roughly estimated 100 (a low figure, but one heard more than once) since 1995. A burning question in Macedonia has been: Should these degrees be recognized -- meaning validated -- by the state?

Article 198 states as follows:

Persons who have fulfilled statutory conditions for enrollment to graduate studies and had attended education until the entry into force of this Law, outside of public higher education institutions within various forms of civil initiatives in the Republic of Macedonia, may, in accordance with the provisions of this Law and the bylaws of the corresponding higher education institution:

- continue their studies on the first year of respective studies at the appropriate higher education institution;
- request an assessment of the knowledge acquired and on the basis of the results so demonstrated request enrollment at the appropriate study year; or
- on the basis of the results achieved during knowledge assessment to realize other rights.

The rights referred to in paragraph 1 are realized at appropriate higher education institutions according to the provisions of this Law and their acts for internal evaluation. These rights may be realized upon personal request, submitted to the appropriate higher education institution until December 31, 2001, at the latest.

This article is to be challenged in the Macedonian Supreme Constitutional Court, according to various sources. Since the Tetovo situation is unique, the provisions of the new law can apply to no other institution in Macedonia. Given the acrimonious history of this entity and ethnic Macedonian resentment of implied let alone actual recognition for anything it has been doing in the academic realm, this obvious political compromise with article 198 has not settled the disturbed waters of Macedonian ethnic tensions.

In regard to Tetovo University, on 16 October 2000, the team learned that Skopje newspapers carried a story indicating that under the terms of the law, Sts. Cyril and Methodius and St. Klement Universities agreed to validate diplomas through a testing procedure worked out with Tetovo, but confirmation could not be obtained in timely fashion.

Article 95 of the new law deals with languages of instruction. It abandons the past practice of requiring all higher education coursework to be in Macedonian, with the exceptions of those in teaching professions preparing for ethnic minority classrooms in primary and secondary school, and for those pursuing Albanian Studies as a degree.

This change is most welcomed, because it will permit visiting professors at all universities to conduct entire courses (as opposed to occasional lectures) in a foreign language such as English, and provide a special emphasis on this language at least in private education. The collateral effects will be to ensure a flow of fresh ideas into classrooms in the university arena, and with them improved teaching methods. It is a foregone conclusion that this opening up of the Macedonian classroom will contribute mightily to

breaking the old communist pedagogy practices that still dominate in the country, and to allow faculty from the rest of the world to become contributors to Macedonian educational processes.

There are no other special provisions of the new law that differ markedly from the information contained in the May BEPS report. One interesting issue, however, that has more of an impact on the quality of public higher education than the proposed developing private higher education sector is, the confirmation of the current status of the two public institutions as constituted, and the downgrading of any likelihood of their restructuring. Although central administrations will be strengthened at the expense of historically legally and financially independent faculties (some 130 “institutions of higher learning” exist within Sts. Cyril and Methodius alone!), the strong faculty structure remains and no shifting of same are expected to create new alliances and de facto new public universities.

In concluding comments on this new legislation, the Macedonians have broadened the base for higher education and have opened up the country to the possible introduction of better teaching methodology and updated subject matter, brought in through the international community. Although it has recognized the need for accreditation, quality assurance and related issues, there is still a bow to the old methods and entrenched ideas of persons who proceeded through the pre-1991 University of Skopje system, "the only game in town." Nonetheless, the opportunities for continuing advancement of a modernized education sector are obviously present, and on that basis interested donors can move ahead.

03. Education Strategy

Funded by the Dutch, executed by a World Bank team, chaired by the Macedonian Minister of Education, the Draft Strategy for Development of Education in the Republic of Macedonia was completed in mid-2000. It provides for "education that fully respects and allows the development of individual needs, interests and affinities of the individual" and emphasizes education as the basis for the "development of democracy and civil society" as well as the "development of a modern and globally integrated market economy in the country."

The Strategy addresses the issue of demographics in Macedonia, asserting that while the population growth rates are dropping across the board, the percentage of ethnic Albanians is gradually increasing. At present, with somewhere around 23 percent (22.67 percent) of the total population, Albanians contribute some 30 percent of all students to Macedonia's primary and secondary schools.

The Strategy stated that 66.59 percent of the population is Macedonian, and the remainder in addition to Albanians as noted includes 0.44 percent Vlach, 4.01 percent Turks, 0.1 percent Bulgarian, 2.07 percent Serbs and 2.07 percent Macedonian Muslims. The remaining 1.09 percent is of diverse backgrounds, including Croats. The total population was cited as 1,945,932 persons.

Some 52.67 percent of the population is described as having no education or being primary or secondary school drop-outs, while some 37.7 percent of all Macedonians have three or four years of secondary school. Commenting that such low schooling is deleterious for the country's labor force, it

points particularly to the special need to emphasize the expansion of educational opportunities for adults as a tool for bridging existing gaps.

On the subject of inflows, the Strategy points out that there is a pre-school inflow of 30,000 annually, some 32,000 in primary school, and about 30,000 in secondary school. It also identifies 17,000 persons as the hypothetical inflow for higher education. The report cautions that these figures are statistical calculations, with further analysis being called for.

The Strategy addresses issues of the marketplace, and identifies the attractiveness of jobs in accordance with economic development paths for the country. Students in gymnasium or college preparatory education have increased in number in recent years to about a third of the total. Two thirds are in professional high schools, with a strong preference for those focused on health and on economic/business issues. Social sciences in general dominate the students' interests, with 72.5 percent in these fields, and very few are being attracted to the natural sciences at this point in time.

School financing is reported to be at levels commensurate with other European countries with similarities in population, ethnic groups et al, most especially Belgium, in terms of its percentage of the GDP. Urban classrooms have the highest teacher to pupil ratios while some rural schools are as low as one to five. The average number is 24.67 students per teacher in primary school and 31.83 to one in secondary schools. Student-teacher ratios are much more favorable for minority enrollments than for ethnic Macedonians.

The Education Strategy document is very perceptive in its comments on democracy and the rule of law. It observes that Macedonia still focuses on the collective rather than the individual, and emphasizes "national based" approaches. "The democratization of ... relationships in the country is slow (and moves) through a line of conflicting reforms and with low participation of the citizens." It notes that the citizenry are reluctant to use and do not trust democratic structures and institutions of the state. There is a lack of understanding of rights and freedoms used to accomplish an active participation in social processes.

The Strategy calls for specific actions, not unlike those needed in other countries in transition. These include:

- finalization and reinforcement of new democratic structures and mechanisms on the local and national level;
- development of models for decentralization of power to bring power closer to the citizens;
- establishment of democratic mechanisms for citizens to manifest and present their needs and interests and to influence the decision making centers, in order to satisfy needs and interests;
- reaching a level of implementation of the principle of governance of law that would provide legal security of the citizen and protection of the basic human rights and freedoms; and

- raising the awareness of the citizens of the functions of structures and the law and their preparation for active participation with emphasis on self-initiatives and taking responsibility for actions taken.

Similarly, there are issues taken with social cohesion. The report notes large discrepancies between the social and economic status of the population; high economic polarization and the non-existence of a real middle class; lack of minimum conditions for existence and standard needs; the need for adequate mechanisms of social support and assistance; and the need for raising the awareness of mutual dependency and the need for solidarity.

Although the Strategy document provides a good picture of education in general in Macedonia, our principal concerns are higher education, and perhaps not so remotely how higher education can contribute to the betterment of the education sector in general. The Strategy states that in the late 1990s, 94 percent of all Macedonian secondary school graduates, 56.4 percent of all Albanians, and 72 percent of Turkish students applied for college. Out of those totals, the two state universities accepted 51 percent of all applicants.

When it comes to the ratio of those who apply to those who enrolled, there is no significant difference with respect to ethnic group. Some 53.8 percent of the Macedonians; 47.5 percent of the Albanians; 56.8 percent of the Turks; 45 percent of the Vlachs; and 73 percent of the Roma were admitted. "This points out the fact that the insufficient enrollment of the nationalities in higher education is more due to the lack of interest in continuing education, rather than the system for the selection of candidates."

In other terms, while the number of minorities is growing each year in higher education, the absolute number is still low -- some 1,063 in 1998-99, or 17.2 percent of the total enrollment "in the faculties" (only some 6,180 students). In percentages, these were 9 percent Albanian, 2.1 percent Turkish, 1.4 percent Vlach, 0.5 percent Roma and 4.3 percent other nationalities.

Much of the remainder of the Strategy is not particularly useful for our immediate purposes, but comments on national and civil identity should be cited. "The numerous surveys conducted in Macedonia show that on all levels of education, young people stay closed within their own ethnic group, and the members of other nationalities are looked upon through prejudice and negative stereotypes that widen the religious and nationality gap between citizens. Integration processes are still at a low level, as a result of the fact that unlike the visible activities for nurturing and keeping the ethnic and cultural identity, no efforts are made for interaction and communication of the members of different nationalities, including the adequate attitude toward the official language."

The report advocates the promotion, nurturing and protection of cultural differences; the manifestation and promotion of multiculturalism as an advantage; the nurturing of a positive approach toward differences and the creation of conditions for co-existence; and allowing and supporting mutual respect.

Lastly, the Strategy fails to focus on a major issue that arose in other team discussions; namely, the very low salaries for teachers, and the resulting lack of incentive to do anything but the minimum to claim an *income* as a teacher. Elementary school teachers are paid an average of around \$120. monthly, and simply are not motivated to do more work for such a paltry salary. If a series of incentives could be introduced, the field of education might become more attractive, and facilitate the work of proper teacher training as well as continuing education programs, benefiting the country's elementary and secondary school systems.

II. SUMMARY COMMENTS ON THE DOCUMENTATION

The new law on higher education produced few surprises for those following its evolution in Macedonia over the past six months. It does what it was expected to do; that is, it provides for private university education in the country, delivered in minority as well as "European" languages. It went further to maintain the status quo of state universities in their structures than expected, undoubtedly a bow to Macedonians who are graduates of those institutions, and in allowing students from the extra-legal Tetovo University to obtain some form of recognition of their work. In no uncertain terms, the law is a step in the right direction for Macedonia, although on its face it does not come without blemishes.

The Education Strategy does a good summary job in pointing out the widespread deficiencies in Macedonian education from pre-school through university training and beyond. As a blueprint for future action, the World Bank, which is poised to invest many millions in education per se, will do well to heed its recommendations to the letter. The document is honest, realistic and certainly points the way toward making marked improvements in Macedonian society which is troubled by ethnic difficulties as well as a still barely reconstructed educational philosophy and practice from the dark days of its socialist past. Moreover, the findings of the Strategy all support what was reported in the BEPS project in May 2000, with reference to differences in social attitudes toward education by different nationalities in the country, and the problems of the primary and secondary schools which impact adversely on any possible success in activities in higher education.

Lastly, the Business Plan that addresses the establishment of the proposed SEE University does not in its current draft incorporate sufficient commentary on the difficulties of establishing an institution of higher learning in the building of a student body and in the recruitment of a well qualified professorial corps, not to overlook the creation of curricula for the diverse faculties, according to many donors.

But problems seen in the plan are minimal and easily resolved. It must be kept in mind, however, that a university is not like a bridge to be constructed under a tight building schedule as an engineering challenge. It is a human endeavor, whose bricks and mortar are very secondary, if there is to be any validity to it being described as what it is supposed to be. Therefore, focus on the human issues is critical to project success.

Logically then, the United States Government should keep mindful of its participation in the entire scheme. Although a commitment has been made, by carefully indicating the areas of prime interest of USAID for funding, the United States can leave a valuable asset behind in the unlikely event that the university is unsuccessful some years into the future, while at the same time providing strong support for the development of the campus envisaged and establishing solid programs for faculty development, aiding the long-term advancement of the education sector in Macedonia.

III. RECOMMENDED USAID ACTION SUPPORTING OSCE HIGHER EDUCATION

Although subject to change due to the many uncertainties reflected in the Business Plan, the following is an outline of a recommended approach for USAID support for a higher education activity in Macedonia. This approach addresses the USAID/Macedonia Mission's strong desire to respond as quickly as possible to the call for action on the Business Plan, but to minimize USAID's management responsibilities.

OSCE estimates that the project will cost \$16.2 million, although this figure is more likely to be revised upwards than downwards. The overall total of USAID funds is currently estimated at \$7.1 million; that is, \$5 million for budget support to the Business Plan and \$2.1 million for technical assistance. The \$2.1 million for technical assistance is a new proposal which is not included in the OSCE total.

Three components for USAID assistance are proposed, and described as follows:

01. PIO Grant to OSCE

USAID would provide as soon as possible a \$2 million Public International Organization (PIO) direct grant to OSCE for the purposes of seed funding to get the higher education project started. USAID funds would be provided when there is (a) a satisfactory OSCE program description that details what the funds would be used for, and (b) a budget to which USAID funds can be applied, as well as to which other donors would also contribute.

It is anticipated that USAID funds would be commingled with at least European Union (pledged at 1 million Euros) and Dutch funds (potentially as much as \$5 million). At this juncture, there are two courses of action: (a) USAID funds would not be identified for any specific purpose, only for support for the start-up of the new university; or (b) \$1 million could be utilized as described in (a) above with the second million dollars held by OSCE for future use in a dedicated Student Loan Endowment Fund.

Among the costs that could be financed from this budget would be (a) the development of a master plan for the university; (b) architectural and engineering design; (c) land title search; (d) possible site preparation; (e) general program development; (f) assistance in establishing the proposed tax-exempt entities; and (g) efforts that contribute to project sustainability, among others.

The United States contribution would come from FY2000 carryover funds that must be obligated by 30 September 2001. As carryover, the funds are available and should be utilized early in FY2001.

02. Grant to New Foundation in Switzerland

Hopefully in FY2001, it is proposed that the \$3 million that has been budgeted from FY2001 funds be provided to a new tax exempt Foundation to be established in Switzerland. As described in the Business Plan, this Foundation would serve as a donor mechanism to support the new university. It is described in the Business Plan as the "appropriate legal framework for managing international funds."

The Foundation would in turn establish a legal entity in Macedonia to "cradle" the university, and it would in principal contract all capital investments for construction of the campus. Among other things, it would also provide the impetus and collateral for the student loan program, described in some detail in the Business Plan.

USAID would be well advised to consider earmarking its contribution for the establishment of the student loan fund endowment, and require language that would allow for other legally recognized university student clientele to make use of this resource after a period of perhaps four years. In this way, if the fund is underutilized or any problems emerge with the new university, the endowment can live on as a testament to the interest of the United States Government in assisting university students, regardless of place of enrollment.

USAID would require a pre-grant award survey of the new Foundation before it can provide funding. It should be mentioned as well that the timing of the Foundation's creation is uncertain.

03. Technical Assistance and Training

In addition to the \$5 million USAID pledge, the USAID/Macedonia Mission has agreed to provide \$700,000. from FY2001 funds and a similar amount in FYs 2002 and 2003 for technical assistance to further support the new university.

This Team recommends use of the Global Bureau's current cooperative agreement with the Association Liaison Office (ALO) that can access a multitude of American universities. Once a scope of work is agreed to, it would take up to six months for the program to begin work.

It is possible and probably desirable that this part of USAID's program precede the establishment of the Foundation, and fall prior to the provision of an NGO grant or endowment as mentioned above. Selected Albanian academics who are identified and scheduled to teach in the new university could be sent to the United States for graduate degrees early on. If so, this would be based on assurances that the Foundation will in fact be created and that construction on the new university facility will be finished prior to the completion of training in the United States for this initial group of Albanian faculty.

This scheme addresses the need of USAID and the United States Embassy to respond to the Business Plan in timely fashion. It also recognizes the potential for serious problems in the future of the entire project, but allows the United States to (a) claim substantial support from the beginning for the new institution ; (b) to point to critical technical assistance and upgrading of faculty skills in the country; and (c) if need be, to leave a permanent legacy of a student loan fund, in the first instance for the new university and possibly beyond. As the principal donor toward this fund in the amount of \$3 million to (preferably) \$4 million, the latter figure would bear \$240,000 annually for loans at 6 percent return on United States Treasury Bonds. Indisputably, this is the best scenario possible for the United States, and likely for the Albanian and Macedonian persons in higher education as well.

IV. STEPS TO COMPLETE THE PROCESS

01. Congressional Notification

Congressional Notification (CN) is the first task. A CN is required since this is a new activity and no CN or TN that covers higher education can be located. Once there is general agreement on the overall approach, a CN will be drafted, cleared and sent to The Hill. Inasmuch as there is currently language that supports this effort in the House Report of 13 July 2000, it is expected that the CN should have no difficulty.

02. Activity Approval Memorandum

This memo will contain a description of USAID's proposed support of the program mentioned above, all pre-obligation requirements, and citation of approval authority for the Mission Director. The memo will supplant the Results Package format, to the extent it has been used. It will be prepared and ready for the Mission Director's signature at the time the CN expires.

03. PIO Grant to OSCE

Upon receipt from the OSCE of a program description and budget satisfactory to USAID, a PIO grant package will be prepared to provide the \$2 million noted above. Once signed (preferably by both parties) this will constitute an obligation of funds.

04. Grant to Foundation in Switzerland

Once the Foundation is established, USAID must make a decision to provide the \$3 million either through an NGO grant or an endowment. This remains to be determined. Another alternative may be to provide the funds to OSCE for a pass-through to the Foundation. All of these options and perhaps others will be examined thoroughly.

05. Technical Assistance and Training

The ALO cooperative agreement requires a scope of work that serves must as a request for proposals. USAID will prepare this scope and it will be widely announced in journals, publications and electronic correspondence. Some of the elements in the scope of work will include Master of Public Administration (MPA) and Master of Business Administration (MBA) programs, as well as masters' in pedagogical arenas, that can be delivered in one calendar year, with the best candidates; participation in curriculum development for these fields; development of computer and distance learning programs; and implementation of modern university administration procedures with ancillary staff training, among other facets.

In FY2001, the ALO will convene a peer review panel with USAID participation to review and select applicants. From beginning to end this process normally takes six months, although on a fast track it could be shortened to four to five months.

APPENDIX I

Questions (And Responses) Regarding See University Project Business Plan

Questions (And Responses) Regarding See University Project Business Plan

OSCE

Can OSCE itself receive funds from donors and distribute funds to the proposed project? Does OSCE have managerial capacity for this type of project? What will be the long term role for OSCE in this project?

Not everyone can give to the OSCE. Managerial capacity limited in personnel terms. OSCE can make available management as a political consideration, but out-sourcing especially for educational expertise.

Swiss-Based Foundation

Is it intended that this will be an NGO with a Swiss staff? How will it be organized; that is, will there be an executive director, program officer, support staff, et al? How will they be financed? Where will the funds provided by donors be placed? What higher authorities will the Swiss staff have?

The Foundation would abide by Swiss law, and have an international oversight, including international education experts and a Swiss lawyer, and the OECD director of education. There would be no hiring for the Foundation's management as such. The board and the university's "founder" (director) will play a management role.

Is the Foundation intended to handle ALL funds for the student loan activity AND construction of the campus? Are other purposes for the Foundation envisaged and if so, what may they be?

Yes to the first question, but the student loan fund will be set apart. Building will come from "commingled" funds in the initial stages of the project.

Local Project Capacity

The Business Plan states that the Foundation will be a legal entity in Macedonia "that would cradle the institution." Is local project capacity being developed to do this? If so, how will it be constituted and who are the key figures? If not, when will it begin?

The Swiss foundation can be completed in two weeks, and the Macedonian in four weeks. Project capacity exists.

What will be its role and what authority will the local project managers have? Could another donor such as Soros assume project management responsibilities along with the local figures?

Essentially yes, Soros could, as an example. There will also be extensive involvement with the University Rectors Association (COE).

Student Loans

With regard to the "small endowment" for student loans, are these to be directed only to ethnic Albanian students? What about other minorities and Macedonians?

All SEE University students would be eligible. The endowment would have to be different amounts at different participation levels: at 70% of all students, the loan fund would need to be capitalized at

\$4,384,000.; at 100% participation, at some \$6,246,000.; and at a more realistic 50% rate, at about \$3,024,000. This specific activity might possibly be funded by a single donor.

Summary Table

Is there a summary budget table that provides a bottom line? How do you arrive at the \$16.2 million total? Is this figure likely to change? If so, what are the broad parameters for this project?

Construction costs are likely to come down, if the site preparation is low.

GOM Land Donation

Is there clear title to this land at this time? Is it available immediately for site preparation and at what likely cost? Is it accessible by all weather roads that are paved? Will there be public transportation to the site? Just how close is it to the central city? What about parking for those arriving by private car?

These issues will all be looked into.

Construction

Will there be a Master Plan for construction? Who will contract for construction? Who will do the construction supervision? Will there be detailed feasibility study, design, and cost estimates? Can (and should) construction be phased?

This is implied in the prefabrication plan envisaged. Also, there are other political and economic reasons for going this route, rather than building a “stick” facility.

Since exact enrollment can not be predicted, why not build in two phases or stages, perhaps half as large now and the balance when enrollment is more certain?

Enrollment might well be 2,400 ab initio. Construction could possibly follow this route but likely not.

Library

Why not begin with at least a small classic library facility at the outset? Can arrangements be made to use the various libraries at Sts. Cyril and Methodius and St. Klement both in the interim period and other the long run in a shared format? Has there been a specific exploration of electronic library tie-ins with various European (and possibly other) university libraries?

This was not viewed as a priority, but it could develop this way.

Pedagogy and Academics

Does pedagogic methodology training offer the possibility of an academic link to Sts. Cyril and Methodius? Should not electronic teaching technology be utilized to help upgrade teaching skills in general across the country on a non-degree basis perhaps, incorporating efforts at SEE, St. Klement and Sts. Cyril and Methodius Universities?

Links are possible.

How can the public administration program be configured to address continuing education/distance learning upgrading of skills for the government sector throughout the Republic? How can teacher training programs do the same for on site teachers throughout the country. utilizing such electronic technology?

How can internship activity be incorporated in the academic process to bring further skill development throughout the country, and how would this enhance the reputation of this university project?

Labor Market Relevance

How critical to project design is this? Are not most graduates steered to employment by job availability and good salaries, which are limited in Macedonia? Should this institution plan to develop Macedonia's first "placement and counseling" unit for graduates?

Language Policy

Is promoting a language policy oriented toward a European and Global Perspective likely to minimize use of the Albanian (and possibly others) language?

Faculty Development

In faculty development matters, should not the project begin with this activity to ensure that when SEE University takes in students, it has at least a small corps of faculty to teach updated subject matter using current pedagogical skills?

Admissions

There is no clear statement about admissions testing, let alone in what languages. Can this matter be clarified? Since English is to be a major teaching language, is something like a TOEFL score going to be required for admission? If not, what plans are there for remedial work in this and in other subjects?

Something like this is planned.

Courses

Some of the courses identified for the various degree programs are questionable, and to some extent not in conformity with the current Education Strategy developed by the World Bank. Are some changes or substitutions possible?

Refinement is a distinct possibility.

Accreditation

Accreditation issues ought to be a concern, and at present cross-fertilization of ideas, teaching methods, approaches, et al, among Macedonian academics might be described as "a pool too shallow." What can be done to incorporate more Europeanwide (and perhaps other) academic input into this process at See University and possibly others in the country?

Albanian Graduate Pool

Is there something inherent in this project that will markedly increase the pool of university graduates among the ethnic Albanian population, or is the agenda totally different?

APPENDIX II
Law on Higher Education

APPENDIX III
Draft Strategy Document

APPENDIX IV
Implementation Document

APPENDIX V
Individuals and their Affiliations Visited and Interviewed for Report

Individuals and their Affiliations Visited and Interviewed for Report

- . Ambassador Michael Einik, Ambassador of the United States to Macedonia
- . Ms. Laura J. Kirkconnell, Deputy Chief of Mission
- . Ms. Yolanda Robinson, Office of Public Affairs, American Embassy
- . Mr. Steve Haynes, USAID/Macedonia Mission Director
- . Mr. Brad Fujimoto, USAID/Macedonia
- . Dr. Diane Ponasik, USAID/Macedonia
- . Dr. Eran Fraenkel, Director, Search for Common Ground
- . Dr. Vladimir Milcin, Director, Open Society Institute – Macedonia
- . Mr. Terrance Mooney, Canadian Embassy
- . Mr. Jan Plantinga, Dutch Embassy
- . Mr. David Friberg, Swedish Embassy (SIDA Representative)
- . Dr. Max van der Stoel, OSCE High Commissioner for National Minorities
- . Mr. Marcin Czaplinski, OSCE Office for National Minorities
- . Mr. Andreas Kleiser, May-Group, Inc. for the OSCE Higher Education Project
- . Dr. Peter Darvas, World Bank
- . Ms. Helen Wheeler, Director, United States Peace Corps
- . Mr. Edward Michalski, Deputy Director, United States Peace Corps
- . Mr. Zvonko Naumoski, United States Peace Corps
- . Ms. Zhaklina Geshtakouska, United States Peace Corps
- . Dr. Murtezan Ismaili, Mayor of Tetovo and Professor at Tetovo University